SUBJECT: Interim Guidance

NEW MATERIAL: The Administrator approved a set of recommended reforms, including changes to USAID's program planning policies and the manner in which the Agency and its Operating Units conduct strategic planning, monitoring and reporting. He instructed PPC to prepare Interim Guidance to facilitate the implementation of the reforms. After broad consultations within the Agency over the past several months, the Guidance has been completed. The Administrator approved this new strategic management guidance on October 22, 2004.

EFFECTIVE DATE: 10/22/2004

<div style="text-align:center">POLICY</div>

USAID/General Notice
PPC/SPP
12/10/2004

Subject: Interim Guidance

Last Spring, the Administrator approved a set of recommended reforms emanating from the recently completed Business Model Review (BMR), including changes to USAID's program planning policies and the manner in which the Agency and its Operating Units conduct strategic planning, monitoring and reporting. He instructed PPC to coordinate work with Operating Bureaus to prepare Interim Guidance to facilitate the implementation of the reforms. After broad consultations within the Agency over the past several months, the Guidance has been completed. The Administrator approved this new strategic management guidance on October 22, 2004. The Guidance including new program components is available on the Agency intranet -http://inside.usaid.gov/.

The need to reform our strategic planning process has been driven by several interrelated factors. The Agency is under pressure to respond to shifting priorities, ranging from changing Congressional interests, to the war on terrorism, to humanitarian crises, such as the current Darfur emergency. As a result, strategies and plans often take too much time to prepare and approve, and may be overtaken by events before they are implemented. Additionally, we often have difficulty representing the Agency, our programs and our contribution to foreign policy in a coherent, understandable and compelling way.

In summary, these strategic management reforms will include:

1. A new Agency Policy Framework that represents the major strategic and policy documents and directives that govern the execution of USAID's foreign aid programs, including:

-- The Joint Strategic Plan.
-- Policy Framework for Bilateral Foreign Aid.
-- Sector specific strategic budgeting models.
-- Core policies and strategies.
-- The 40 standardized program components.

2. Bureau Strategic Frameworks, also new, to take the more general Agency Framework and apply it to the region and its countries or pillar. These will be required of Regional Bureaus and optional for Pillar Bureaus. These Frameworks will lay out foreign policy and foreign aid objectives, and desired bureau-level outcomes and challenges. The Bureau Strategic Frameworks will form the basis for developing country programs and annual operational plans.

3. Mission Strategy Statements will build on the Bureau Strategic Framework and will provide a sense of the broad strategic direction, including the proposed program areas and aggregate resources to achieve intended outcomes. They will be far briefer that the current Strategic Plans - 5 to 10 pages as opposed to 75 to 200.

4. An Operational Plan looking three years into the future will focus on tactical and operations questions, including detailed resource requests, program components, performance targets and progress. It will be reviewed and updated annually as part of the Annual Report process.

5. The new strategic planning process introduces a menu of 40 standard Program Components, or USAID products and services covering the breadth of USAID program activities. They will bring greater uniformity to our planning and reporting and enhance the Agency's ability to represent its contributions to U.S. foreign policy in a more consistent, logical and straight forward manner. The Components can be mixed and matched at the Mission and Operating Unit level in support of programs. The Components provide a degree of program standardization through a standard set of definitions as well as a set of common indicators, which will facilitate improved Agency-level reporting, while allowing Missions enough operational flexibility to address country-specific situations around the world. A preliminary list of 39 was provided as part of this year's Annual Report Application Tool. Since that time an additional component for the Security Sector has been added, language for several of the components has been modified to add clarity, and there has been minor adjustment to a couple of the component definitions.

These reforms will address existing shortcomings and improve our ability to deliver foreign assistance more efficiently and effectively. They will enable us to better represent the Agency and our contribution to U.S. foreign policy externally to stakeholders like the Congress, OMB and the State Department, as well as the American public. They will make it easier for Agency leadership to respond to changing world events and foreign policy priorities. They will greatly facilitate strategic and

performance management, including planning and reporting, strategic budgeting, and financial and information management.

Work is now beginning on several fronts to complete preliminary documents and develop the operational guidance to implement this new policy at the field and Operating Unit levels.

-- PPC/P will lead the development of the Agency Policy Framework and a preliminary Agency Framework will be available early this winter.

-- Regional Bureaus have already started work on their new Bureau Strategy Frameworks, with a target of having the preliminary Frameworks completed by early spring.

-- We will need to revise the ADS 200, "USAID Programming Policy." Brad Greene in PPC/SPP will be the day-to-day coordinator for this work. Please forward issues and concerns to Brad so they can be catalogued and incorporated as appropriate in the ADS. The target date for completing the revisions is June 2005. A major effort is underway to develop the set of standardized common indicators for each of the program components which we will complete by June. Parrie Henderson in PPC/SPP is coordinating this work.

To the extent Bureaus and Missions can postpone new Strategy Statements until all the guidance has been vetted and issued, this is desirable. In cases where this is not practical, bureaus and PPC/SPP will provide additional guidance, as necessary, on a case-by-case basis.

Point of Contact: Any questions concerning this Notice may be directed to Parrie Henderson at (202) 712-5672 for general inquiries or questions regarding indicators, to Brad Greene at (202) 712-4493 for matters concerning the ADS 200 -203, and to Tom Rishoi at (202) 712-1179 for questions on components and their application.

Notice 1244

File Name	Notice Date	Effective Date	Editorial Revision Date	ADS CD No.	Remarks
IU2_0412_121704_cd38	12/10/2004	10/22/2004		CD 38	This IU will remain active until ADS 200-203 is revised.